

FREQUENTLY ASKED QUESTIONS

CIRCULAR LETTER OF BANK INDONESIA ON IMPLEMENTATION OF NON-BANK FOREIGN EXCHANGE BUSINESS ACTIVITIES

1. What is the background and objective of the issuance of this Circular Letter?

This Circular Letter is the implementing provisions for Regulation of BI Number 18/20/PBI/2016 on Non-Bank Foreign Exchange Business Activities, which further specify the following:

- a. application of fulfillment of underlying transactions for foreign banknote purchase;
- b. technical regulation of transparent exchange rate determination, customer data protection, and handling of customer's complaints;
- c. requirements for obtaining the license and procedures for license application and processing;
- d. procedures for license validity extension application and license evaluation;
- e. fulfillment of the Board of Directors' obligation to attend training and/or certification;
- f. procedures for opening of branch office and counter;
- g. procedures for office address change;
- h. procedures for change of name and capital;
- i. procedures and requirements for cooperation between Money Changers and hotels or companies similar to hotels;
- j. procedures and requirements for selling and buying foreign banknotes in Indonesian border areas by parties other than Money Changers;
- k. supervision and reporting; and
- l. sanction imposition.

The objective of this Circular Letter is to ensure the implementation of sound and efficient Non-Bank Foreign Exchange Business Activities in good governance.

2. Can customers buy foreign currencies against Rupiah excessive of the nominal amount of the underlying transaction?

No. In principle, customers may not buy foreign banknotes from Money Changers excessive of the nominal amount of the underlying transaction. However, such excessive buying may only be conducted for rounding up if such nominal amount is not the multiple of USD5,000 (five thousand US dollar).

Example: A Customer must pay an invoice of USD33,785.00. On the invoice, the Customer may buy foreign banknotes from a Money Changer of USD35,000.00.

3. Must a transaction statement below USD25,000 from a Customer be in writing?

In addition to a written statement, the statement that a Customer's transaction is below USD25,000 may also be submitted in a form of clause or note in a foreign banknote purchase invoice from a Money Changer signed by the Customer.

4. Must Money Changers have a special division or working unit to handle customer's complaints?

Money Changers must appoint staffs to handle and settle Customer's complaints in performing the duties by referring to the mechanism and procedure in writing determined by the Board of Directors, among others in the form of guideline, implementation instruction, or Standard Operating Procedure (SOP), for such handling and settlement of Customer's complaints.

5. What must Money Changers do in the event of different exchange rate from the foreign bank bills, for example USD100.00 and USD50.00?

Money Changers must submit information on such exchange rate difference in a complete and clear manner in transacting with Customers. The information may be provided by the announcement board, website, email, or any other visible forms.

6. When does Bank Indonesia start to process the license application as a Money Changer?

Bank Indonesia will only start to process license application if a prospective Money Changer has submitted the complete documents as required. If the required documents are incomplete, Bank Indonesia will return the documents to the Money Changer.

7. When can confirmation/interview with prospective members of Board of Directors, members of Board of Commissioners, and Shareholders be conducted?

Confirmation/interview may be conducted in all phases of license application from prospective Money Changers before the dissemination of provisions. Such confirmation/interview is conducted to obtain further information in order to be certain of fulfilment of the requirements.

8. What are the follow-ups by Money Changers obtaining approvals for the license application?

- a. collect Business License Grant Decision (KPmIU), license certificate, and logo of authorized Money Changer issued by Bank Indonesia;
- b. conduct their business activities within 30 (thirty) days as of the approval letter date; and
- c. submit a written report on their business activity implementation to Bank Indonesia no later than 10 (ten) working days after the commencement of the business activities.

9. What if the Business License Grant Decision (KPmIU), license certificate, and logo of authorized Money Changer issued by Bank Indonesia is lost?

A Money Changer must submit a written request to Bank Indonesia to obtain the replacement together with a loss certificate from the police. If a Money Changer intends to change the logo, printing fee will apply.

10. May the Authorized Money Changer logo of a branch office be used in another branch office?

No. If Bank Indonesia approves a branch office opening, Bank Indonesia will issue an approval letter, business license certificate of the branch office, and authorized Money Changer logo for each approved branch office.

11. In what event will Bank Indonesia order the change of members of Board of Directors, members of Board of Commissioners, and Shareholders?

- a. the relevant member or shareholder is sanctioned to become a member of Board of Directors, member of Board of Commissioners, and/or shareholder by Bank Indonesia; and/or

- b. the relevant member or shareholder is found guilty of committing a certain crime under a final and binding court decision, such as corruption, bribe, drugs, psychotropic, labor smuggling, migrant smuggling, and banking crimes.

12. Must a Money Changer hold another general meeting and change their Articles of Association if any appointed member of the Board of Directors and/or Board of Commissioners is not approved by Bank Indonesia?

Yes.

13. Is the minimum requirement of 3-year diploma applicable to the existing management?

Such requirement is not applicable to the existing Money Changer's management other than new management.

14. May training and/or certification be conducted after members of Board of Directors are approved by Bank Indonesia?

Yes. Training and/or certification is not a mandatory requirement for prospective members of Board of Directors and/or Board of Commissioners of a Money Changer.

15. What are the considerations taken by Bank Indonesia in determining the location viability of a Money Changer's office?

Bank Indonesia considers the saturation level of non-bank foreign exchange business activities by paying attention to the number of Money Changers and banks selling and buying foreign banknotes around the Money Changers.

16. Can Bank Indonesia reject applications for branch office opening and office address change although the requirements for operational readiness have been fulfilled?

Yes. In granting an approval for branch office opening, Bank Indonesia considers, among others, the Money Changer's performance and compliance level and location viability by observing the saturation level of non-bank foreign exchange business activities.

17. What is the procedure for Money Changer's headquarters address change to their branch office location?

Money Changers must submit their application for branch office closing and planned headquarters address change to the branch office to be closed.

18. Can authorized Money Changer submit an application for business activity termination for business license revocation at their own request?

Yes, under the following provisions:

- a. the business activity termination has been decided in the Money Changer's general meeting;
- b. the Money Changer has performed all obligations and will be responsible for any claims potentially arising in the future; and
- c. the Money Changer must return the Business License Grant Decision (KPmIU), logo of Authorized Money Changer issued by Bank Indonesia, and business license certificate issued by Bank Indonesia.

19. How does Bank Indonesia supervise Money Changers?

- a. Bank Indonesia supervises Money Changers directly and indirectly.
- b. Direct supervision is conducted by examining Money Changer's business activities to examine and evaluate their level of compliance with the provisions.
- c. Indirect supervision is monitoring in the form of analysis of reports submitted by Money Changers or information from any other parties.

20. Does Bank Indonesia supervise parties cooperating with Money Changers?

For supervision of cooperation between Money Changers and parties other than Money Changers, Bank Indonesia may:

- a. request data and/or information from any parties other than Money Changers; and/or
- b. conduct direct supervision of any parties other than Money Changers.

21. What are the criteria for hotels or companies similar to hotels which can cooperate with Money Changers to buy foreign banknotes?

Money Changers must ensure that the parties:

- a. Tourism Business Permanent License (ITUP);
- b. Company Registration Number (TDP);
- c. capability in management of foreign banknote purchase; and
- d. commitment to comply with the applicable provisions.

22. What are the considerations of Bank Indonesia in processing the approval application from parties other than Money Changers to sell and buy foreign banknotes in Indonesian border areas?

Bank Indonesia considers:

- a. travel distance and/or time to the nearest city and existence of Money Changers and/or banks providing foreign exchange service around the applicant's business area; and
- b. there are economic activities requiring foreign banknote buying and selling services.

23. What are the considerations of Bank Indonesia in imposing administrative sanctions on Money Changers?

Bank Indonesia considers:

- a. severity of the breach;
- b. impacts on customer protection and/or anti-money laundering and prevention of terrorism funding; and/or
- c. any other aspects.